



SMALL BUSINESS ADMINISTRATION

Funding Highlights:

- The Small Business Administration (SBA) serves American entrepreneurs in their pursuit to start, grow, recover, and expand their businesses. As the Nation's leading advocate for small businesses, SBA ensures that business owners have access to affordable capital, mentoring and counseling opportunities, and immediate support in the wake of disaster.
- The Budget recognizes the contributions small businesses play in fostering economic growth and spurring innovation throughout the Nation. The Budget supports Boots to Business, a program that provides entrepreneurial training courses to veterans, servicemembers transitioning from military to civilian life, and military spouses through the Department of Defense's Transition Assistance Program (TAP).
- The Budget continues to demonstrate fiscal restraint by prioritizing the essential functions of the Federal Government and cutting wasteful or duplicative programs. The Budget eliminates funding for the Program for Investment in Micro-Entrepreneurs (PRIME). These services are already provided by SBA's Microloan Technical Assistance Program. Eliminating PRIME would save taxpayers \$6 million a year based on the 2020 enacted level.
- The Budget requests \$739 million in new budget authority for 2021, a \$243 million or 25-percent decrease from the 2020 enacted level, which includes funds provided under the disaster relief cap. This request is partially offset by a fiscally responsible proposal to allow SBA the flexibility to set an upfront fee across its business loan programs, providing \$80 million in offsetting collections.

The President's 2021 Budget:

Small businesses are the engines of the American economy. They are the job creators and innovators that fuel American neighborhoods and preserve U.S. prosperity. The SBA was established in 1953 to aid, counsel, assist, and protect the interests of small business concerns; preserve free competitive enterprise; and maintain and strengthen the overall economy of the Nation. Today, SBA continues to support the Nation's 30 million small businesses through an array of tailored programs and services. SBA's lending programs complement credit markets by meeting demand when credit-worthy small business borrowers cannot obtain financing on reasonable terms or conditions. Its nationwide network of private-sector and non-profit partners educate, advise, and inspire a new generation of entrepreneurs. In 2021, SBA will be uniquely positioned to leverage the Administration's pro-growth policies to equip small business owners with the right resources to be competitive in today's market and promote economic security for their businesses and families. The Agency will

fulfill this mission while promoting fiscal discipline by proposing policies that level the playing field with private sector support for small businesses.

Expands Opportunity for Small Business Owners. The Budget supports \$43 billion in business lending to assist U.S. small business owners in accessing affordable capital to start, build, and grow their businesses. These products serve a variety of business needs, from funding general business operations, such as working capital and capital expenses, to fixed-asset financing for machinery and equipment, construction, and commercial real estate. They also provide the opportunity for small businesses to refinance existing loans. To ensure that SBA can provide these services at the least cost to taxpayers, the Budget proposes that SBA set an upfront administrative fee across its business loan programs to levels necessary to offset a portion of the costs of providing this assistance.

"America's 30 million small businesses are central to our economy and our communities. Their courageous innovation makes our cities and towns vibrant places to live, work, and raise families."

President Donald J. Trump
May 3, 2019

Promotes Investment Opportunities for Microborrowers. Through its 7(m) Direct Microloan program, the SBA supports low-interest financing for non-profit intermediaries that in turn provide loans of up to \$50,000 small businesses and startups. In addition to the \$25 million in technical assistance grant funds requested for the Microloan program, the Budget requests \$4 million to support \$41 million in direct lending. These efforts would support more than 20,000 jobs and spur economic growth throughout the Nation.

Supports Economic Recovery Efforts in the Wake of Disaster. SBA continues to be a vital resource for American households and businesses that need to recover quickly following disasters. In 2019, SBA approved more than 42,000 disaster loans totaling over \$2.2 billion in direct, low-interest lending to business owners, homeowners, renters, and property owners. The Budget provides continued support for these efforts, and includes new information technology investments that would improve customer service and reduce the burden on disaster survivors.

Promotes Effective and Accountable Grant Funding. SBA leverages its nationwide field personnel and diverse network of private sector and non-profit resource partners across each State and Territory to provide counseling, mentoring, and training assistance to nearly one million small business owners each year. The Budget continues to propose changes to the Small Business Development Center program to create a competitive set-aside to reward partners that most efficiently serve small businesses and to grant the authority to collect limited grantee data for internal program evaluation purposes. The Budget also proposes funding to support the implementation of additional Boots to Business program training sessions through the Department of Defense's TAP program.

Creates Opportunities in Federal Contracting. The Federal Government is the largest producer of goods and services in the world. SBA provides oversight in Federal contracting to ensure the Government meets or exceeds the minimum set-aside of 23 percent for small businesses. Access to these funding opportunities enables small businesses to provide innovative solutions, drive economic growth, and support their communities. The Budget continues to invest in SBA's 8(a) program to establish a full certification program for SBA's women-owned business certification programs.

"I am passionate about empowering entrepreneurs of all backgrounds and ethnicities with the guidance and the support needed to achieve success."

Jovita Carranza
Administrator (as Nominee)
December 11, 2019